

# NEWSLINE

Savings Plus Program

3rd Quarter 2007

## Almost Here—New SPP Fund Structure

Since October 2006, we've been telling you of the important changes SPP planned for the investment lineup. The final piece of this plan goes into effect next month—November 8—as we simplify the investment portfolio by eliminating growth, blend, and value “style” distinctions.

As shown in the chart below, we'll consolidate the nine “style” funds we currently offer into three funds: a small-cap fund, a mid-cap fund, and a large-cap fund, each actively managed according to the investment objectives of their asset category. While the assets are being transferred—from 1 p.m. November 7 through 1 p.m. November 8 (PT)—no transactions involving these funds will be permitted.

SPP has learned from feedback over the past few years that our current funds with multiple “style” options confused many participants. Instead of focusing on the overall asset categories, many participants were distracted by the name brands and style options within the categories. We eliminated the name brands back in January 2007. Now we're eliminating the style distinctions to help you focus on asset allocation.

Asset allocation refers to how you divide your total investments among each of the six asset categories shown in our *Investment Guide*. Many financial planners will tell you a solid investment strategy includes a diversified mix of assets that are appropriate for your time horizon (amount of time before you start to use your retirement savings) and risk tolerance (willingness to accept ups and downs with your investments). Asset allocation doesn't guarantee profits or insulate you from potential losses.

You can get the *Investment Guide* from our Web site at [www.sppforu.com](http://www.sppforu.com) (select Forms and Publications top tab, then Publications). You also may call toll free at 866-566-4777, press \* 0 and speak to a customer service representative to have a guide mailed to you.

Former Funds	New Funds
Small-Cap Fund — Growth	<b>Small-Cap Fund</b>
Small-Cap Fund — Blend	
Small-Cap Fund — Value	
Mid-Cap Fund — Growth	<b>Mid-Cap Fund</b>
Mid-Cap Fund — Blend	
Mid-Cap Fund — Value	
Large-Cap Fund — Growth	<b>Large-Cap Fund</b>
Large-Cap Fund — Blend	
Large-Cap Fund — Value	

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Beginning in December, we're introducing the following new features to our Web site to make it easier for you to make certain changes to your account.

## New Online Services: Beneficiary Changes and Enrollment

### **Change beneficiary**

Use this feature if you want to add or change beneficiaries on your 401(k) and/or 457 plan—you must designate them separately for each plan, even if it's the same person or persons. You also can use this new feature to designate your beneficiary if you've never done so previously.

To find this feature, access your account page using the secure login link, then click on Change Beneficiary (under the Transactions section on the left side). You'll need to select which plan—401(k) or 457—the change applies to, then fill in the required information.

### **Enroll in a second SPP plan**

You'll be able to use this feature if you're currently enrolled in just one of our plans (401(k) or 457) and want to enroll in the other plan as well. This online enrollment will also be available for State employees who currently aren't enrolled in Savings Plus at all, so tell your co-workers!

From the main page, select the top tab called Sign Up. Follow the prompts to complete the required information. Rest assured that when you're prompted for your Social Security number and personal information, this data is securely encrypted and safe from information predators.

**Note:** If you have not yet set up your Web site username and password, you need to do so in order to access your account page. Select New Users under Secure Log In on the main page.



# Former Savings Pool to Close

In January 2008, the Short Term Investment Fund — Cash (formerly known as the Savings Pool) will close.

If you have money in this investment choice, it may remain there. However, you may not contribute any more money to it after your December paycheck deferral, nor may you move assets to it from another SPP investment option or roll over funds to it from another plan after January 22, 2008.

We’ve taken this action after thorough research and discussion with our investment consultants. Although this fund has been part of SPP’s lineup for many years, the vast majority of public and private deferred compensation plans don’t offer this type of investment. Historically, the rate of return for this type of fund, which is similar to a money market account, does not protect participants’ assets from inflation, an important consideration for a retirement savings plan.

It’s also worth noting that historically this fund has under-performed other conservative investments we offer, such as the SPP Bond Fund, Bond Index Fund, and Short Term Investment Fund.

In January 2008, the Short Term Investment Fund — Cash (formerly known as the Savings Pool) will close.

# New Funds—VRS Numbers

Fund Descriptor	VRS Code
International Index Fund	7320
Mid-Cap Index Fund	7321
Small-Cap Index Fund	7322

The 4th quarter NewsLine, mailed in mid-January, will include a complete list of the codes used in our telephone Voice Response System for each of the funds in our new SPP lineup.

# 2008 Contribution Limits

Although the IRS hasn’t yet set the 2008 limits on contributions to 401(k) and 457 plans, it will be at least as much as the 2007 cap: \$15,500 per plan (or \$20,500 per plan if you’re 50 or older).

Check our Web site in early November for an update. We’ll provide the updated cap information for 2008 just as soon as the IRS announces it.



# SPP to Reduce Fees

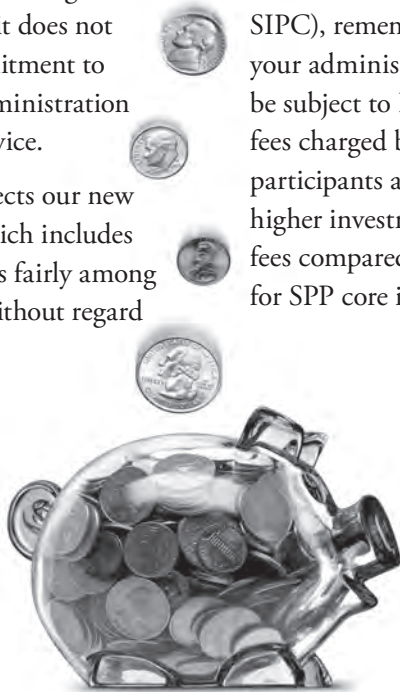
We're pleased to announce that effective January 1, 2008, SPP will reduce its administrative fee to \$1.50 per plan per month. This new flat rate replaces the current tiered fee structure that ranges from \$2 to \$4.05 per plan per month. This means lower fees for everyone!

Administrative fees help support SPP operations. Although we're lowering the fee, it does not reduce our commitment to excellent plan administration and customer service.

This decision reflects our new strategic plan, which includes assessing such fees fairly among all participants without regard

to account balance. When we surveyed fee structures of other large public deferred compensation plans, we also found this type of fee structure to be the most equitable.

For those of you who invest through the Schwab Personal Choice Retirement Account® (PCRA), offered through Charles Schwab & Co., Inc. (Member SIPC), remember that besides your administrative fee, you may be subject to PCRA brokerage fees charged by Schwab. PCRA participants also may pay higher investment management fees compared to the expenses for SPP core investments.



## Investment Fund Update

### FUND INVESTIGATIONS

No items to report.

### FUND MANAGER CHANGES

Effective April 2, 2007, Mark Waterhouse, the Hartford Investment Management Company investment manager who managed part of the Small Cap Fund – Growth (Hartford Small Company HLS Fund), resigned and is no longer managing the fund. The fund is currently managed by Hugh Whelan, who has co-managed the fund since 2005. Previously Mr. Whelan worked for ING, Inc. managing its Small- and Mid-Cap funds.

### WATCHLIST

There are no funds added to the Watchlist for this quarter.



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#### How to Reach Us

##### Hours

**Lobby:** 8:00 a.m. - 4:30 p.m.

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**Web site:** [www.sppforu.com](http://www.sppforu.com)

**Voice Response System:**  
1-866-566-4777

**TTY:** 1-800-848-0833

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